



Sharp Laboratories of America, Inc.

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March 15, 2005

Electronic Filing

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, SW
Washington, DC 20554

Re: Erratum to *Ex Parte* Notification
CS Docket No. 97-80

Dear Ms. Dortch:

Sharp Laboratories of America, Inc. electronically filed an *ex parte* notice in the above-referenced docket on March 14, 2005. Unfortunately, due to an inadvertent error in the editing process, the paragraph running from page 1 to page 2 omitted several lines. A corrected letter is attached.

Please direct any questions regarding this notice to the undersigned.

Respectfully submitted,

A handwritten signature in black ink that reads "Craig K. Tanner". The signature is fluid and cursive, with the first name "Craig" and last name "Tanner" clearly legible.

Craig K. Tanner
Cable Business Development
Sharp Laboratories of America, Inc.

cc: Jon Cody





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Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
445 Twelfth Street, SW
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Re: *Ex Parte* Notification
CS Docket No. 97-80

Dear Ms. Dortch:

On March 11, 2005, I met with Jon Cody, Legal Advisor to Chairman Michael Powell. John Burgett, our outside counsel, was also present at the meeting.

During the meeting, I gave the attached two slide presentations regarding (1) the importance of the cable industry's reliance on a common separable security interface (*i.e.*, CableCARDS) in order to achieve a competitive marketplace for digital cable products and (2) as a separate matter, the need for the FCC to intensify its oversight of the ongoing "bidirectional" or "two-way" plug-and-play negotiations between the cable and consumer electronics ("CE") industries. Copies of the attached presentations were distributed to Mr. Cody.

On the CableCARD reliance issue, I urged the Commission to maintain the July 1, 2006 deadline for cable operators' common reliance on CableCARDS as currently mandated by Section 76.1204 of the Commission's rules. If the FCC chooses to extend the July 1, 2006 deadline, then the agency should (1) mandate meaningful reporting requirements for cable operators to ensure their quality support of CableCARDS and (2) adopt rules that would prohibit functional divergence between the integrated security and CableCARD platforms and facilitate their parity going forward. I also urged the Commission to set a deadline by which multi-stream CableCARDS will be made available for unidirectional cable-ready products so as to enable the introduction of dual-tuner retail devices.

With regard to the "two-way" negotiations, I noted that, contrary to the statements made in the February 24, 2005 *ex parte* notice filed by Comcast Corporation, Microsoft Corporation and Time Warner Cable in this proceeding, the July 1, 2006 integration ban is completely unrelated to the progress of those negotiations. Accordingly, there is no basis for the notion that deferral of the integration ban will accelerate progress in the bidirectional negotiations. I explained that what is really needed to facilitate progress is FCC support for user interface freedom for consumer



Ms. Marlene H. Dortch

March 14, 2005

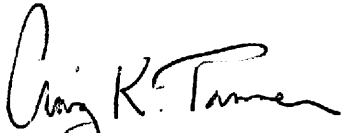
Page 2

electronics manufacturers. In this regard, I voiced Sharp's concern that the cable industry is insisting that all two-way retail devices include a standardized OCAP middleware engine that must run the cable operator's downloaded user interface. In other words, the cable industry is insisting that all retail digital cable products be functional "clones" of the cable operator's leased set-top boxes. While this may be appropriate for some retail products, if consumer electronics manufacturers do not have the freedom to design their own user interfaces for other two-way digital cable retail products, then they will have little incentive to innovate or add new features to their products. Without user interface freedom, the addition of CE-specific product features (such as DVR or A/V home networking) would require two disparate user interfaces in a single product. Such a product would yield a decidedly poor user experience. Under these conditions, the competitive market for digital cable products mandated by Congress and provided for by the Commission's rules cannot be achieved.

This letter is being provided to your office in accordance with Section 1.1206 of the Commission's rules. A copy of this letter has been delivered by e-mail to Mr. Cody.

Please direct any questions regarding this notice to the undersigned.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Craig K. Tanner". The signature is fluid and cursive, with the first name "Craig" being more prominent.

Craig K. Tanner
Vice President, Cable Business Development
Sharp Laboratories of America, Inc.

cc: Jon Cody



The Importance of Cable's Reliance on Separable Security

Craig K. Tanner
V.P. Cable Business Development
Sharp Laboratories of America
March 11, 2005



“Common Reliance” Deliverable #1

- **Quality of support by the cable operator**
 - CableCARDS always in inventory & on the truck
 - Customer service reps. & technicians well-trained
 - Fast, successful installations
 - Trouble-free head-end & back office support
 - Provided today by cable only for products not their own!
- **Rules were made because cable resists retail**
 - Launch took six years after FCC rules were set in July, 1998
 - UDCPs have no cable **Program Guide**, no **VOD**
 - Cable views UDCP installations as lost revenue opportunities
 - Placement of leased STBs is far preferable to cable operators
 - Yet consumers who choose UDCPs deserve good support



Quality of Support for CableCARDS

- If common reliance is delayed, set some rules
- Require reports from cable
 - How many subscribers requested CableCARDS?
 - Of these:
 - how many had a successful CableCARD installation?
 - how many appointments did it take?
 - how many hours were spent for the installation?
 - were there problems?
 - was CE manufacturer support required?
 - how many wound up with a leased STB?
 - how many wound up with nothing? (a CE product return)
 - CE's concerns should not go unaddressed



“Common Reliance” Deliverable #2

- **Functional Parity for the CableCARD system**
- As it evolves, retail products must not be left behind
 - Conditional access system advancements must also apply to the CableCARD system
 - a continual temptation for cable -- to pave a proprietary path and resolve subscriber problems with a leased STB
 - if not, consumers will regret their retail purchases
 - if UDCPs are not well supported, there will be fewer of them
 - every UDCP has an off-air DTV tuner, supporting the transition
- Common reliance on CableCARDS would assure sustained parity for the conditional access system in consumers' retail products



Functional Parity for CableCARDS

- If common reliance is delayed, set some rules
- Require a report to confirm parity between leased STBs & the CableCARD “system”
 - includes headend & back-end support systems
- Set a rule prohibiting divergence
 - any functional enhancements to the integrated security system must be supported in the CableCARD system



Reasons for This 2nd Delay?

- **To spur success in the 2-way negotiations**
 - “integration ban is bogging down progress”
- **Downloadable software security**
 - “it is just around the corner”
 - “it is the ultimate security solution”
 - “CableCARD reliance will distract cable’s attention and investment from this leap forward”
 - “one more delay & CableCARDS will be irrelevant”



Separable Security Issue is Unrelated to 2-Way Negotiations

- The integration ban has not been a topic in the negotiations
 - Cable admitted they are not linked (in their Dec. 20 ex parte letter):

“As the lead negotiators for the cable and CE industries have discussed with the Media Bureau, the issues being negotiated are truly complex and involved mostly business, not technical, questions. They are being (and will be) dealt with independent of the Separate Security Requirement”

- The linkage concept was falsely raised in the Comcast/TWC/Microsoft meeting with Chairman Powell:

*“...the Commission should defer...the July 2006 implementation”
“This recommendation was made to allow to allow approximately one year for the development of a new agreement...related to... retail availability”*



The “Perfect Solution”?

- **Downloadable software security**
 - Myth: “it’s just around the corner”
 - identifying a nationally portable system will take 2-3 years
 - cable’s planning for downloadable security is under NDA
 - the details cannot be discussed with the FCC
 - MSOs plans to choose the system, via “NGNA” project
 - the unproven downloadable security vision is a poor basis for delaying cable’s July 2006 obligation now
 - Cable can be expected to seek a third delay!
 - cable is appealing the July 2006 date now, 18 months ahead
 - this is necessary because of the ordering cycle for STBs
 - if a new deadline is July ‘07, cable will be back 18 months ahead of that date -- less than a year from today!



Recommendation

- Keep the July 1, 2006 date in place
 - Cable can easily manage this transition
 - Cable's STB vendors are masters of the CableCARD system (they designed it))
 - "Common Reliance" is a valuable principle, and will be needed even for downloadable security



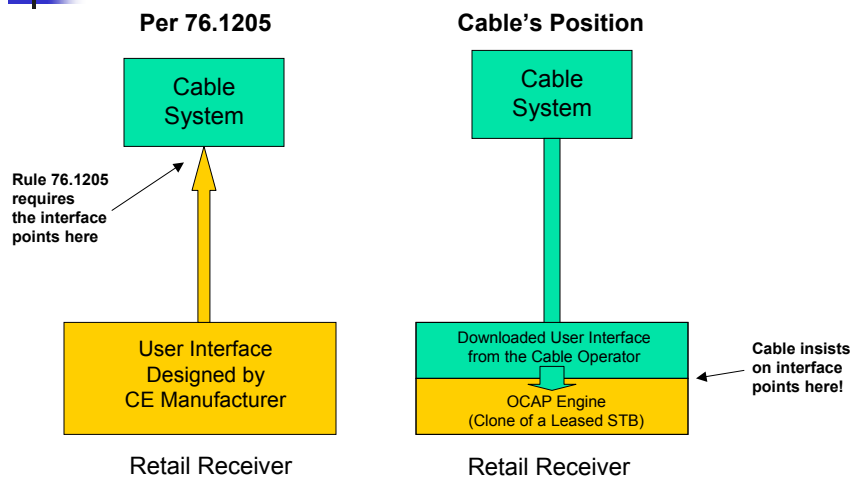
Alternate Recommendations

- If the date must move, recognize CE concerns:
 - Set tough reporting requirements for cable operators, to incent quality CableCARD support
 - Set rules prohibiting functional divergence between the integrated security and CableCARD platforms
 - Set a deadline for availability of Multistream CableCARDS for UDCPs
 - essential to enable dual-tuner retail products
 - retail use need not await cable's use of the "M-card"

The Difficult Issue in “2-Way”

- Cable has proposed turning the rules upside down
- Sec. 76.1205: “Technical information concerning **interface parameters that are needed to permit navigation devices to operate with multichannel video programming systems** shall be provided by the system operator upon request in a timely manner.”
- Instead, the cable industry seeks to define keep cable system interface parameters largely undisclosed
 - Cable seeks to specify the interfaces CE retail receivers must have!
- Cable is insisting that all CE retail products must implement a standardized OCAP middleware engine, and must accept a downloaded cable User Interface

Cable's Inversion of 76.1205





Cable Wishes to Control Retail Products

- But all retail products would be identical to leased STBs when accessing cable services!
 - reduced to clones of the operator's leased STBs
 - no "competitive" in "competitive availability"
 - true retail competition requires product differentiation
 - User Interface freedom is required for CE innovation
- Any additional CE features in a 2-way product:
 - will need a CE-designed user interface
 - it will be impossible to harmonize this CE UI with a cable UI which will vary by system & over time
 - this means 2 different UI's in the same product!



Rule 76.1204

- Sec. 76.1204c: "**No MVPD shall** by contract, agreement, patent, intellectual property right or otherwise **preclude the addition of features or functions** to the equipment made available pursuant to this section that are not designed, intended or function to defeat the conditional access controls of such devices."
- CE needs the FCC to declare that UI freedom shall be an option in the solution
 - this is absolutely critical to preserving CE innovation
- OCAP with the cable UI can be an option, but retail product designers should make the choice



FCC Oversight is Needed

- We need FCC involvement to assure an outcome that preserves CE innovation
- Finalizing the OCAP option will be easy
- FCC help is needed to assure that User Interface Freedom is also an option